

modi

M

T

mod 1800

Warp

Q-16-

Kitchie

THE QUESTION OF EXPORT DUTIES

— ON —

Nickel and Copper Mattes

The Anonymous Circular Answered.

1898

N

SI

up

M  
be  
al  
in  
lo  
m

o  
o  
l  
n  
n  
h

t  
t

# The Question of Export Duties

..... ON .....

## NICKEL and COPPER MATTES.

---

SIR,—

I am in receipt of an anonymous pamphlet which bears upon its title page this inscription : the Nickel Question.

SHALL NICKEL MATTE BE SUBJECTED TO AN EXPORT DUTY ?

If the "image" were added to the inscription, nearly every Member of Parliament, to whom I understand the pamphlet has been sent, would, at sight, be able to give it its name. Like all other communications emanating from the same source and in the interests of the same people, its statements, arguments, logic and conclusions are either altogether untrue or wholly misleading.

They are of necessity untrue in order to furnish any basis of operation, and they are intentionally misleading because the object sought could not be secured if the facts were presented. It is probably belittling anyone to notice anonymous communications when the author of such communications dare not make known his identity or the conditions under which he seeks to deceive the Government.

Prior to the advent of the Canadian Copper Company, the whole of Europe, as a market for nickel, belonged to the New Caledonia Mines.

That Company produce ores and mattes on that Island in the Southern Hemisphere on the opposite side of the globe.

It had refineries at Havre in France, at Iserlohn in Germany, at Birmingham in England, and at, or near, Glasgow in Scotland.

The pamphlet tells you "Recently, however, they have seen fit to change their place of smelting to the site of the mines, namely, New Caledonia. This fact will materially lessen the cost of reducing their ores, and will make them more than ever the competitors of our Canadian Companies in the markets of England and Europe, as well as the United States."

If the placing of the refineries of the New Caledonia Company beside the furnaces in New Caledonia, and closing them all up in Europe, so much cheapens the product of that Company, why would not the placing of the refineries beside the smelting works in Canada cheapen the finished product of the Sudbury Mines?

If the new Caledonia Company are unable to bring their nickel mattes to their own refineries in England, Scotland, France and Germany, and to sell their product in these countries in competition with the refined product of the Canadian Copper Company, but must abandon and close up all these refineries and erect new ones at the mines and the place of the production of the ores and mattes, how in the name of common sense are they to be able to ship these mattes to the United States to be refined by an American Refinery and to be sold in the market of the United States in competition with the Canadian Copper Company?

What has prevented the New Caledonia Company during all these years from shipping mattes to New York in competition with the Canadian Copper Company, if they are such dangerous competitors? So far as the United States tariff law is or was concerned, they have had just as full access to the United States market as the Sudbury products have had.

The Island of New Caledonia is located in the Southern Hemisphere. In 165 degrees east longitude, and 23 degrees south latitude.

Sudbury is located about 75 degrees west longitude and 46 degrees north latitude. The two places are thus, by way of Europe, 240 degrees of longitude apart, a distance of 14,400 geographical miles or nearly 17,000 land miles. New Caledonia is 4,140 geographical miles or 4,800 land miles south of Sudbury. The great markets for the products of both Sudbury and New

Caled  
Gern  
farth  
used  
and  
muc

matt  
omic  
been  
gene  
cond

Calu  
Mic  
Mic  
per  
the

mil  
that  
mor  
day

thr  
mil  
see  
nat  
is

Ca  
co  
Su  
in

th  
ti  
an  
a

s  
i  
a  
n

Caledonia are London, Paris, Hamburg and smaller places in Germany and Austria. New Caledonia is ten thousand miles farther from London and Paris than Sudbury is. All the coke used in New Caledonia has to be shipped from Great Britain and costs that Company at its furnaces more than twice as much as does the coke used at Sudbury.

The pamphlet proceeds to say:—"The reason that the matte is not further refined is because the natural and economic conditions of the district where the ore is mined have been against it." What a blanket statement of glittering generalities this is. What are these "natural and economic conditions"? State them, nameless author.

Is the climate essentially different from the climate at the Calumet and Hecla Copper Mines in the upper peninsula of Michigan and 300 miles due west of Sudbury. At these Michigan Copper Mines which contain only four and one half per cent of copper, and no other mineral, the greatest plant of the world is erected.

Last year the Calumet and Hecla Company paid five millions of dollars in dividends and it is expected to pay more than six millions of dollars in dividends this year, it employs more than 4,000 men and raises more than 4,000 tons of ore per day.

Its stock has a selling market value of more than fifty-three millions of dollars. This market price has increased 23 millions of dollars within the last two years. That Company seems to be able to make a pretty successful struggle with "the natural and economic conditions of the district where the ore is mined, being against it."

The pamphlet further proceeds as follows: "The New Caledonia Company have many advantages over its Canadian competitors. Their freight rates are much lower than the Sudbury district, one being wholly marine and the other along inland railroad haul.

Again the difference in the grade and nature of the ore, the New Caledonia being a silicate, of simple and easy reduction, while the Canadian is a complex sulphide, more difficult and costly to mine and requiring more complicated, expensive and skillful methods of reduction and separation."

There is scarcely a single word of truth in this whole statement, and every word and sentence is studiously and intentionally misleading. The Sudbury ores are far more easily and cheaply smelted than the New Caledonia ores. They require no flux of any kind in the furnace. They are self-

fluxing. After they are roasted in the roast heaps, for the purpose of driving off about three-fourths of the sulphur which they contain, they are then put into the furnace, one ton of coke being sufficient to smelt seven tons of ore. The output of one of the furnaces at Sudbury is more than twice as much per day as would be the output of the same furnace if working at New Caledonia. The smelting of the Sudbury ores is the simplest process possible. It requires practically no skill.

So far as the freight rates of the New Caledonia mines being less than the Sudbury mines is concerned, exactly the opposite is true. The New Caledonia freights are quite twice as high as the Sudbury freights. Sudbury has only 70 miles of railway haul to reach Algoma Mills, and she then has an all water freight to London, either by the St. Lawrence or the Erie Canal from Buffalo to New York.

"New Caledonia has no railway haul. It is all marine."

Yes, she has a railway haul, but it is an overhead wire ropeway railway, of which she has many miles. The location of the mines being such that steam railways cannot be built to them.

It is utterly untrue that the cost of producing metallic nickel from Sudbury ores are about twice that of producing it from Caledonia ores. Exactly the opposite is true, that the cost of producing nickel from the Caledonia ores and delivering it in New York would be about twice the cost of producing it from the Sudbury ores. Caledonia does not ship mattes but oxidized ores, it costs her too much to ship coke from Great Britain 12,000 miles to produce matte for export back again 15,000 miles to New York. She has been so driven to the wall by the competition of the Sudbury nickel, that she has been compelled to abandon her great refineries in Europe and erect others at the mines, because she would have less tons of coke to haul from Great Britain to the mines than she would have tons of ore to haul from the mines to the refineries in Europe.

Some days ago I wrote to the editor of the "Engineering and Mining Journal" of New York, asking him whether any nickel matte was ever imported into the United States from New Caledonia, and whether in case Canada should place an export duty on nickel in the form of ores and mattes, New Caledonia would be in any better shape to ship mattes or ores into the United States than she now is. Everybody knows that this paper is recognized both in Europe and in the United

States as the highest authority in the world upon all mining and metallurgical questions. Here is his answer.

"THE ENGINEERING AND MINING JOURNAL.  
253 BROADWAY, NEW YORK,  
MARCH 12th, 1898

S. J. RITCHIE, Esq.,  
AKRON, OHIO.

DEAR SIR,

In reply to your letter of the 5th. instant, I am unaware that the French Nickel Company has ever sold any nickel matte in the United States, because to the best of my knowledge it has never produced any in New Caledonia except experimentally. The ore is of oxidized character and consequently has to be smelted with some sulphur containing material in order to make a matte. This did not prove successful in New Caledonia and consequently the raw ore has for many years been shipped to Scotland France and Germany for reduction. As to whether the exclusion of Canadian matte in the United States would lead to the importation of New Caledonia ore it is not impossible under certain conditions that it might. The facts are that there is an immense supply of nickel ore in New Caledonia and that for two years last elapsed there has been no production. The exportation from the Island amounting to 35,000 to 40,000 metric tons of 7 per cent ore per annum having been made from existing stocks. At the end of last year there was at least 120,000 tons of this grade of ore in stock in New Caledonia and 20,000 tons of 8 per cent ore were offered at 11 shillings per unit delivered to any American port with minimum tenor of 8 per cent guarantee.

Yours truly,

R. P. ROTHWELL.

The Sudbury mattes are sold in New York on an average carry about 20 or 21 units of nickel and about 25 units of copper or about 45 per cent. of the two metals—some mattes run much higher. The officials of the Copper Company say that some 12,000 tons of these mattes were sold last year by them to the New York Refining Company and averaged \$50.80



delivered at New York free of all charge, that is 420 pounds of nickel and 500 pounds of copper in the form of matte were laid down in New York for this amount. According to the prices quoted for the delivery of New Caledonia ores in New York—420 pounds of nickel or 21 units in the form of ore would cost \$55.44. This ore would then have to be smelted and reduced to a matte to bring it to the condition in which the Sudbury output is sold. This would cost at least \$10 more, making \$65.44. But the ton of Sudbury matte contains 500 pounds of copper in addition to the nickel while the Caledonia ores contain no copper. This copper is worth to the refiner in the form of matte at least nine cents, but we will call it 7 cents per lb, or \$35 for the amount in a ton of matte. Deducting this \$35 for the copper from the cost of a ton of Sudbury matte it leaves to the refiner a total cost for the 420 pounds of nickel which he gets in this ton of matte the great sum of \$15.80 as against \$65.44 which the same amount of nickel would cost him if obtained from New Caledonia in the form of ore, a difference of about \$50 upon the amount contained in a single ton of Sudbury matte. It is therefore evident that there can be no serious competition between Caledonia and Sudbury until Caledonia can lay down in New York 420 lbs. of nickel in the form of matte for less than \$15.80. The American import duty upon this 420 pounds of nickel if imported in its refined form would be \$25.20. Yet, in the face of these facts and figures, the officials of the Canadian Copper Company and their retained hirelings have the courage to come before Parliament and the Government and endeavor to deceive and browbeat both Parliament and the Government with the statements that they are likely to be ruined by competition with the new Caledonia Company, and that they will close their mines if the Government dares to impose an export duty upon nickel and copper matte.

The best evidence of the operations of the competition between Sudbury and Caledonia is shown in the market price of the shares of the Caledonia Company, between 1892 and the present time.

The shares of the Caledonia Company are five hundred francs each. In 1892 the market price of the shares was nine hundred francs.

To-day they are three hundred and ten francs, and this is about twice the price at which they have been selling for the last three years, but owing to the removing of their refineries and furnaces to the mines, and the prospective greatly increased

demand for nickel, resulting from the great appropriations made for naval warfare in Russia, England, and the United States and the certainty of further like appropriations being made by other Governments, there has lately been a large advance in the market price of these Caledonia Stocks

The nameless author winds up by threatening Parliament and the Canadian Government with vengeance from the United States Congress.

This is an old and oft repeated game of bluff. It has worked so well thus far that it is hoped to make it do service again and to continue to do service.

The United States government does not want ores or mattes containing nickel. She wants refined nickel, if she wants any; and if she does she is not effected by any export duty which the Dominion Government may place upon ores and mattes containing nickel and copper.

But the United States Government does not want to buy nickel at all. She has notified the bidders for armor plates for her navy that they must supply their own nickel. No government importing articles for its own use needs to pay duty. If it did pay duty it would only pay it to itself. A matter of taking the duty out of one pocket and putting it into the other.

Much is said about the shutting down of the other three smelters at Sudbury. The mines owned by the Vivian Company were so lean that they did not pay to smelt and send to Swansea to be refined. The Dominion Mineral Company had to support itself from the sale of mattes. If there was no profit for the Company in producing mattes there was no use in its running. And this applies to all the property in the Sudbury district not owned by the Canadian Copper Company. As long as the Canadian Copper Company can ship its mattes to New York to be refined and can maintain its connection with the New York refinery, it can sell its mattes to that refinery at the cost of production, then buy back the refined article from the Company at the price at which it sold the mattes with the additional cost of refining the copper and nickel. The Company, or its officials, could then go on both the American and European markets with fine copper and fine nickel at a price so low as to drive the Caledonia people out of the refining business in Europe. It could shut up all the refineries in Europe as it has shut up all the smelters at Sudbury. The fact that the Canadian Copper Company alone has survived at Sudbury, while the others have perished, has been persistently brought to the attention of the Government

and of Parliament, but the process by which one concern has lived and three have died, has just as persistently been kept from the knowledge of Government and Parliament. The policy of the Government is preferential trade for the mother country. It also means preferential trade for her own country. England is not effected by the imposition of an export duty upon mattes. She does not buy and will no longer refine nickel and copper mattes, and she has no import duty upon the refined metal. So far as copper is concerned by the provisions of the Act, the export can only apply where it is associated with nickel. The Act, therefore, when enforced, could not apply to any copper produced in Nova Scotia or British Columbia, or in any other part of the Dominion where it is not associated with nickel. Only that portion of the Act is asked to be enforced which applies to copper and nickel matte.

It is to the interests of the Canadian Copper Company to have all its mattes and ores refined in Canada, therefore, I want it refined and manufactured here; but it is not to the interests of certain of the officials of the Copper Company to have their connection with the New York Refining Company severed and the refining and manufacturing done in Canada. The officials of the Copper Company have had long experience, and have become experts in shielding their personal acts behind the veil of the corporations of which they have been the denominating spirits.

The issue is therefore clearly made and joined between the Government and Parliament of Canada, representing the people of Canada on the one side and the officials of the Canadian Copper Company representing nobody but themselves on the other side, as to whether the great natural resources of the country shall be made to serve the interests of the country, or whether they be made to serve the interests of the two or three Americans who are alternatively persuasive and coercive in the policy and methods adopted before the Government and Parliament, to use the resources of the country for their personal gain, regardless of the interests of the country to which the resources belong.

It is said that the Caledonia people have a large stock of ores on hand at their mines. Yes, they have. Why? Because they could not smelt them and send them to Europe to be refined and sold in Europe in competition with the Sudbury product, the result is that in order to keep any portion of the European nickel market they must produce the refined article

at their mines, they cannot afford to pay freight upon the crude material from their mines to Europe and freight upon coke from Europe to the Mines. I have in my possession the price at which the Caledonia Company offered to furnish the New York refinery with *oxidized ore*, they do not sell matte and this price is more than 275 per cent higher than the Canadian Copper Company furnished the New York Refining Company with nickel *in the form of matte*. Under these circumstances any member of the Government and Parliament can place their own value upon any statements that the Canadian Copper Company is likely to be ruined and the Government punished if it imposes an export upon copper and nickel in the form of ores and mattes.

The anonymous pamphlet is false and misleading in statement, reasoning and conclusion, from start to finish.

It is to be regretted that in every country there are a few persons who are willing to sell their country's birthright for a mess of foreign pottage, and if in this issue such persons appear, urging the transfer and sale, it will be fair to surmise the source of their inspiration and the cause of their effort in distributing a false and anonymous pamphlet.

But enough for this circular of falsehood and deception. Let us keep the interests of these several corporations and the personal interests of the officials managing them separate. The officials have affected to put the interest of the corporations before the Government and Parliament when in fact they are only using the corporations to hide their personal interests and acts.

The Acts of Parliament ratifying the Ohio charters of the Canadian Copper Company and the Anglo-American Iron Company were passed April 22nd, 1886, twelve years ago. Neither of these Ohio corporations owned any mines or ores or any property of any kind in Ohio, or in any part of the United States. In the bill before Parliament for the ratification of their charters, they therefore asked power "to establish treating and smelting works in any Province of Canada or elsewhere." This power the Government and Parliament both refused to grant. It was pointed out at the time by the Government, by the Chairman of the Committee on Private Bills, and by several members of the Committee on Private Bills, that the incorporating of this provision in the Charter of these Corporations allowing them to smelt and refine their Canadian ores "in any Province of Canada or else-

where," would be a surrender on the part of Parliament and the Government forever the right to impose any export duties upon any of the products of these corporations. Both the Government and the Committee on Private Bills positively refused to allow this provision to go into the bills for either of the Mining Corporations, and the words "or elsewhere" were stricken out, as may be seen by reference to the original bill as introduced and as amended, now in the possession of the Clerk on Private Bills, as well as photographic copies of the bills in my possession which I will be glad to show to any member of Parliament.

I was President of the Canadian Copper Company at the time these Acts were passed, and as a condition of Parliament passing the Acts I was obliged to agree, on behalf of these Companies, that all the smelting, refining and manufacturing of these ores should be done in Canada, although at that time the mines were only known to contain copper. The letter of the Hon. Mr. Ives, who was Chairman of the Committee when these Acts were passed, tells the story. It reads as follows:—

HOUSE OF COMMONS,

APRIL 29TH, 1897.

S. J. RITCHIE, ESQ.,

MY DEAR SIR:—

I have your letter of the 20th instant, referring to the passing of two Acts in 1886, the one respecting the Canadian Copper Company, and the other respecting the Anglo American Iron Company. I was the Chairman of the Private Bills Committee of the House of Commons at that time, and have to day refreshed my memory by looking over the original records. I find that the Bills as brought before the Committee asked power to establish treating and smelting works in any Province of Canada *or elsewhere*.

The words "or elsewhere" were stricken out by the Committee with the view of forcing the Companies to treat and refine their ores in Canada.

Very truly yours,

(Sgd.) W. B. IVES.

The exercise of the powers granted by the last session of Parliament to the Government would not alone be carrying out a policy, but would be a means of enforcing a definite and specific contract—a contract which has for ten years been

ament and  
port duties  
. Both the  
positively  
s for either  
where" were  
ginal bill as  
sion of the  
pies of the  
how to any  
any at the  
Parliament  
alf of these  
manufacturing  
t that time  
The letter of  
ittee when  
follows:—

MONS,  
29TH, 1897.

ing to the  
e Canadian  
o American  
Bills Com-  
have to day  
records. I  
ittee asked  
y Province

out by the  
es to treat

IVES.  
session of  
be carrying  
definite and  
years been

openly violated in the interests of two or three Americans, and against the interests of the whole of Canada, except the few who are retained to further the foreign interests at the expense of sacrificing the interests of their own country. The immense naval appropriations of the principal naval powers of the world during the last few days will undoubtedly greatly increase both the demand and the price of nickel.

If this nickel and copper are to be refined and manufactured in Canada, it will, therefore, be necessary that the Government impose the full amount of export authorized by Parliament, viz. : Ten cents upon nickel and two cents upon copper.

S. J. RITCHIE,  
Akron,  
Ohio.

Russell House, Ottawa, March 18, 1898.